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9 UNITED STATES DISTRICT COURT
 10 NORTHERN DISTRICT OF CALIFORNIA

11 DAVIN POKOIK, Individually and on
 12 Behalf of All Others Similarly Situated,

13 Plaintiff,

14 v.

15 HEWLETT-PACKARD COMPANY,
 16 AUTONOMY CORPORATION PLC,
 17 DELOITTE LLP, LEO APOTHEKER,
 18 MARGARET C. WHITMAN,
 19 CATHERINE A. LESJAK, JAMES T.
 20 MURRIN, MICHAEL R. LYNCH, and
 21 SUSHOVAN HUSSAIN,

22 Defendants.

No.

C 12 6074
CLASS ACTION

**COMPLAINT FOR VIOLATION OF
 THE FEDERAL SECURITIES LAWS**

DEMAND FOR JURY TRIAL

FILED BY FAX
 PURSUANT TO LOCAL RULES

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1 Plaintiff Davin Pokoik ("Plaintiff"), individually and on behalf of all other persons
2 similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges
3 the following based upon personal knowledge as to himself and his own acts, and information
4 and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and
5 through his attorneys, which included, among other things, a review of the defendants' public
6 documents, conference calls and announcements made by defendants, United States Securities
7 and Exchange Commission ("SEC") filings, wire and press releases published by and regarding
8 Hewlett-Packard Company ("HP" or the "Company"), analysts' reports and advisories about the
9 Company, information readily obtainable on the Internet, public filings of Autonomy
10 Corporation plc ("Autonomy") including its annual reports for financial years 2009 and 2010.
11 Plaintiff believes that substantial evidentiary support will exist for the allegations set forth
12 herein after a reasonable opportunity for discovery.
13
14

15 NATURE OF THE ACTION

16
17 1. This is a federal securities class action on behalf of a class consisting of all
18 persons other than defendants who purchased or otherwise acquired HP securities between
19 August 19, 2011 and November 19, 2012, both dates inclusive (the "Class Period"), seeking to
20 recover damages caused by defendants' violations of the federal securities laws and to pursue
21 remedies under §§ 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange
22 Act") and Rule 10b-5 promulgated thereunder against the Company and certain of its top
23 officials.
24

25 2. HP provides imaging and printing systems, computing systems, and information
26 technology services for business and personal use. The Company's products include laser and
27 inkjet printers, scanners, copiers and faxes, personal computers, workstations, storage solutions,
28 and other computing and printing systems.

1 3. Throughout the Class Period, Defendants made materially false and misleading
2 statements regarding the Company's business, operational and compliance policies.
3 Specifically, Defendants made false and/or misleading statements and/or failed to disclose that:
4 (i) at the time the Company acquired Autonomy, Autonomy's reported operating results and
5 historic growth were the product of accounting improprieties, including the mischaracterization
6 of revenue from negative-margin, low-end hardware sales with little or no associated software
7 content as "IDOL product and the improper recognition of revenue on transactions with
8 business partners where no end-user customers existed at the time of sale; (ii) at the time the
9 Company had agreed in principle to acquire Autonomy, HP was looking to unwind the deal due
10 to potential accounting improprieties discovered in Autonomy's financial statements; (iii) the
11 Company engaged in inadequate due diligence during the Autonomy acquisition and, as a result
12 thereof, the Company materially overpaid for Autonomy; (iv) the Company's reported goodwill
13 and acquired intangible assets were overstated and would have to be written down;
14 (v) Autonomy's operating margin for its Enterprise Services segment was collapsing for several
15 reasons, including unfavorable revenue mix and underperforming contracts; (vi) as a result of
16 the above, the Company's financial statements were materially false and misleading at all
17 relevant times; and (vii) beginning in May 2012, based upon detailed allegations provided by a
18 whistleblower who was a former Autonomy executive, the Company had commenced an
19 internal investigation regarding accounting fraud at Autonomy.
20
21
22
23

24 4. On November 20, 2012, the Company disclosed a non-cash impairment charge
25 of \$8.8 billion related to the Company's acquisition of Autonomy due, in large part, to
26 Autonomy's use of "accounting improprieties, misrepresentations and disclosure failures to
27 inflate the underlying financial metrics of the company" in an attempt to attract a purchaser.
28

1 Moreover, the Company disclosed for the first time that beginning in May, 2012, HP had
2 commenced an internal investigation regarding possible accounting fraud at Autonomy.

3 5. On this news, HP shares declined \$1.59 per share or nearly 12%, to close at
4 \$11.71 per share on November 20, 2012.
5

6 6. As a result of defendants' wrongful acts and omissions, and the precipitous
7 decline in the market value of the Company's securities, Plaintiff and other Class members have
8 suffered significant losses and damages.
9

10 JURISDICTION AND VENUE

11 7. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a)
12 of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder
13 (17 C.F.R. § 240.10b-5).

14 8. This Court has jurisdiction over the subject matter of this action pursuant to § 27
15 of the Exchange Act (15 U.S.C. § 78aa) and 28 U.S.C. § 1331.
16

17 9. Venue is proper in this District pursuant to §27 of the Exchange Act, 15 U.S.C.
18 §78aa and 28 U.S.C. §1391(b), as HP' principal place of business is located within this District.

19 10. In connection with the acts, conduct and other wrongs alleged in this Complaint,
20 defendants, directly or indirectly, used the means and instrumentalities of interstate commerce,
21 including but not limited to, the United States mail, interstate telephone communications and
22 the facilities of the national securities exchange.
23

24 PARTIES

25 11. Plaintiff, as set forth in the attached Certification, acquired HP securities at
26 artificially inflated prices during the Class Period and has been damaged thereby.

27 12. Defendant HP is a Delaware corporation with principal executive offices located
28 at 3000 Hanover Street, Palo Alto, CA 94304. HP' common stock trades on the New York

1 Stock Exchange ("NYSE") under the ticker symbol "HPQ."

2 13. Defendant Autonomy was a company incorporated in England and Wales. The
3 registered office was at Autonomy House, Cambridge Business Park, Cowley Road, Cambridge
4 CB4 OWZ, UK. The Company was acquired by HP on October 3, 2011.
5

6 14. Defendant Deloitte LLP ("Deloitte"), the U.K. affiliate of Deloitte Touche
7 Tohmatsu, served as Autonomy's independent auditor prior to and during HP's acquisition of
8 Autonomy.
9

10 15. Defendant Leo Apotheker ("Apotheker") was the Company's Chief Executive
11 Officer ("CEO") and President from November 2000 to September 2011.

12 16. Defendant Margaret C. Whitman ("Whitman") has been the Company's
13 President and CEO since September 22, 2011. Prior to being named the Company's CEO,
14 Defendant Whitman served as a director on the Company's Board of Directors ("Board") and
15 continues to serve as a director.
16

17 17. Defendant Catherine A. Lesjak ("Lesjak") was, at all relevant times, the
18 Company's Chief Financial Officer and Executive Vice President.

19 18. Defendant James T. Murrin ("Murrin") was the Company's Senior Vice
20 President, Chief Accounting Officer and Controller until May 1, 2012. During the Class Period,
21 Defendant Murrin sold 132,500 shares of his HP stock for proceeds of nearly \$3.5 million while
22 in the possession of materially adverse and non-public information.
23

24 19. Defendant Michael R. Lynch ("Lynch") served as the Company's Executive
25 Vice President, Information Management between November 2011 and May 2012. From 1996
26 through October 2011, Defendant Lynch was Autonomy's Chief Executive Officer and
27 Co-Founder.
28

1 contained Independent Auditor's Reports which were signed by Deloitte. For example, for the
2 year 2010, the Independent Auditor's Report signed by Deloitte dated February 22, 2011 stated
3 that in its opinion, Autonomy's "financial statements give a true and fair view of the state of the
4 group's and of the parent company's affairs as at 31 December 2010 and of the group's profit
5 for the year then ended."
6

7 **Materially False and Misleading**
8 **Statements Issued During the Class Period**

9 25. On August 18, 2011, after the market closed, the Company announced in a press
10 release that it would acquire all of the outstanding shares of Autonomy for £25.50 or \$42.11 per
11 share in a cash offer, representing an enterprise value of approximately \$11 billion. The press
12 release stated in relevant part the following:
13

14 The transaction was unanimously approved by the boards of directors of both HP
15 and Autonomy. The Autonomy board of directors also has unanimously
16 recommended its shareholders accept the Offer.

17 Based on the closing stock price of Autonomy on August 17, 2011, the
18 consideration represents a one day premium to Autonomy shareholders of
19 approximately 64 percent and a premium of approximately 58 percent to
20 Autonomy's prior one month average closing price. The transaction will be
21 implemented by way of a takeover offer extended to all shareholders of
22 Autonomy. A document containing the full details of the Offer will be dispatched
23 as soon as practicable after the date of this release. The acquisition of Autonomy
24 is expected to be completed by the end of calendar 2011.

25 ***

26 "Autonomy presents an opportunity to accelerate our strategic vision to
27 decisively and profitably lead a large and growing space," said Léo Apotheker,
28 HP president and chief executive officer. "Autonomy brings to HP higher value
business solutions that will help customers manage the explosion of information.
Together with Autonomy, we plan to reinvent how both unstructured and
structured data is processed, analyzed, optimized, automated and protected.
Autonomy has an attractive business model, including a strong cloud based
solution set, which is aligned with HP's efforts to improve our portfolio mix. We
believe this bold action will squarely position HP in software and information to

1 create the next-generation Information Platform, and thereby, create significant
2 value for our shareholders.”

3 Apotheker continued, “Autonomy is a highly profitable and globally respected
4 software company, with a well-regarded management team and talented,
5 dedicated employees. We look forward to partnering with a company who shares
6 our commitment to solving customer problems by creating smart, cutting-edge
7 products and solutions. I am particularly pleased that Dr. Mike Lynch, who heads
8 a team of brilliant scientists and employees, will continue to lead Autonomy. I
9 look forward to our collaboration as we focus on creating maximum value for the
10 combined company, its customers and employees.”

11 “This is a momentous day in Autonomy’s history,” said Dr. Mike Lynch, chief
12 executive officer and founder, Autonomy. “From our foundation in 1996, we have
13 been driven by one shared vision: to fundamentally change the IT industry by
14 revolutionizing the way people interact with information. HP shares this vision
15 and provides Autonomy with the platform to bring our world-leading technology
16 and innovation to a truly global stage, making the shift to a future age of the
17 information economy a reality.”

18 **Strategic and financial benefits**

- 19 • Positions HP as leader in large and growing space: Autonomy has a strong
20 position in the \$20 billion enterprise information management space, which is
21 growing at 8 percent annually and is uniquely positioned to continue growth
22 within this space. Furthermore, key Autonomy assets would provide HP with the
23 ability to reinvent the \$55 billion business analytics software and services space,
24 which is growing at 8 percent annually.
- 25 • Complements HP’s existing technology portfolio and enterprise strategy:
26 Autonomy offers solutions that are synergistic across HP’s enterprise offerings
27 and strengthens capabilities for data analytics, the cloud, industry capabilities and
28 workflow management. This will bolster HP’s cloud offerings with key assets for
information management and data analytics. Autonomy also complements
existing HP offerings from enterprise servers, storage, networking, software,
services and its Imaging and Printing Group (IPG).
- Provides differentiated IP for services and extensive vertical capabilities in key
industries: Acquiring Autonomy would provide differentiated IP for services,
including extensive vertical capabilities in key industries such as government,
financial services, legal, pharmaceutical and healthcare.
- Provides IPG a base for content management platforms: Autonomy provides HP
with a content management platform and accelerates a major component of the
IPG enterprise strategy to continue its growth of document and content
management and higher value commercial printing opportunities.
- Enhances HP’s financial profile: Autonomy’s strong growth and profit margin
profile complements HP’s efforts to improve its business mix by focusing on
enterprise software and solutions. Autonomy has a consistent track record of

1 double-digit revenue growth, with 87 percent gross margins and 43 percent
2 operating margins in calendar year 2010.

- 3 • Accretive to HP's earnings: HP expects the acquisition to be accretive to non-
4 GAAP earnings per share for HP shareholders in the first full year following
5 completion.

6 26. On August 18, 2011, the Company issued a press release announcing financial
7 results for the third fiscal quarter ended July 31, 2011. For the fourth quarter, the Company
8 reported net earnings of \$1.9 billion, or \$0.93 diluted earnings per share ("EPS"), and net
9 revenue of \$31.2 billion, as compared to net earnings of \$1.8 billion, or \$0.75 diluted EPS, and
10 net revenue of \$30.7 billion for the same period a year ago.

11 27. Also on August 18, 2011, the Company conducted a conference call with
12 analysts. During the call, Defendant Apotheker represented the following:

13 This is a milestone moment because there is a very real and concrete need for our
14 customers to address the explosion of unstructured and structured information.
15 Autonomy's intelligent data operating layer is in effect the standard on more than
16 400 OEMs and is supported by substantial IP. Additionally, the Autonomy
17 platform pulls structured and unstructured data from a broad range of sources.

18 And they offer their products via both traditional software license and cloud
19 mode.

20 Autonomy today is one of the largest cloud players of over 30 betabytes of
21 customer information under management by their cloud-based archiving and
22 backup solutions. They have over 25,000 customers globally. Autonomy sees the
23 information transformation and subsequent market opportunity exactly as we do.
24 Moreover, Autonomys business is well-aligned to HP's effort to change and focus
25 our business mix.

26 In 2010, Autonomy had gross margins in the high 80s and operating margins
27 above 40%. They have demonstrated a strong consistent track record of double-
28 digit revenue growth. Mike Lynch, Autonomy's Cofounder and CEO, heads a
team of brilliant scientists and employees. Additionally, operationally, the 2
companies and cultures will blend together well. Reporting directly to me, Mike
will continue to lead Autonomy, which will continue to operate separately so we
can keep them focused on their own market momentum, while at the same time
they can play a key role in enabling the opportunities we see in the strategy we've
outlined for HP.

1
2 As an executive who has spent most of my career primarily in software, this is a
3 world I know well. Some acquisitions require heavy lifting, but bringing
4 Autonomy into the HP world will be seamless and highly complementary. We
5 believe this transaction will unlock synergies, which in Autonomy and the HP
6 Enterprise offerings including ESSN, software services and IPG and across
7 multiple industry verticals. We are building a strong HP Software business. We
8 have done so through successful acquisitions like ArcSight and Fortify. We have
9 had excellent growth and performance this year from our software unit, so the
10 acquisition of Autonomy will build on that momentum and accelerate our HP
11 Software strategy.

12 We all have witnessed an increased level of market volatility and especially
13 today. So you might ask if a move like Autonomy is right in this market. But the
14 market fluctuations does not changed the underlying opportunity, the value
15 proposition of HP and Autonomy and the need to transform HP's business to
16 create a stronger company. And most importantly, we very strongly believe the
17 transaction will create significant value for our shareholders.

18 All of the decisive moves I've made provide HP with the most shareholder return,
19 markets where we can demonstrate a sustainable competitive advantage,
20 maximize customer value, deliver on our solutions vision, differentiate with IP
21 and win.

22 28. On September 9, 2011, HP filed a quarterly report for the fiscal third quarter
23 ended July 31, 2011 on a Form 10-Q with the SEC, which was signed by Defendant Lesjak and
24 reiterated the Company's previously announced financial results. In addition, the Form 10-Q
25 contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") by
26 Defendants Apotheker and Lesjak stating that the information contained in the Form 10-Q was
27 accurate and disclosed any material changes to the Company's internal control over financial
28 reporting.

29 The 10-Q represented the following in relevant part:

30 We are investing for growth by strengthening our position in our core markets and
31 accelerating growth in adjacent markets in anticipation of market trends, such as
32 cloud computing, unstructured data, data center consolidation and automation,
33 digitization, analytics and IT security. In addition, in May 2011, we announced
34 that we are going to make changes to our services business, including accelerating
35 portfolio investments in higher value services, enhancing our sales and delivery

1 capabilities, and better aligning our services strategy with HP's overall strategy to
2 better enable us to meet the needs of our customers. We are also creating
3 innovative new products and developing new channels to connect with our
4 customers. In addition, we have been making focused investments in innovation
5 to strengthen our portfolio of products and services that we can offer to our
6 customers, both through organic investments as well as through acquisitions,
7 including our recently announced offer to acquire all of the issued and to be
8 issued share capital of Autonomy Corporation plc ("Autonomy"). Once
9 completed, the addition of Autonomy is expected to accelerate HP's offerings in
cloud-based solutions and software that address the changing needs of businesses
and support the IPG enterprise strategy to continue its growth in document and
content management. These investments will allow us to expand in higher margin
and higher growth industry segments and further strengthen our portfolio of
hardware, software and services.

10 ***

11 Services net revenue increased 3.6% (decreased 1.9% when adjusted for currency)
12 and 1.0% (decreased 1.4% when adjusted for currency) for the three and nine
13 months ended July 31, 2011, respectively. Infrastructure Technology Outsourcing
14 net revenue increased by 5% and 2% for the three and nine months ended July 31,
15 2011, respectively. An increase in product-related revenue and a favorable currency
16 impact were partially offset by a shortfall in short-term project contracts with
17 existing clients. Technology Services net revenue increased by 5% and 2% for the
18 three and nine months ended July 31, 2011, respectively, due primarily to growth in
19 our consulting business and a favorable currency impact, the effect of which was
20 partially offset by reduced sales of third-party hardware. Application Services net
revenue increased by 2% and 1% for the three and nine months ended July 31,
2011, respectively. The increase for both periods was driven by a favorable
currency impact, the effect of which was partially offset by declines in short-term
project work and primarily to the ExcellerateHRO divestiture completed at the end
of the third quarter of fiscal 2010.

21 30. On or about September 14, 2011, HP filed a prospectus on Form 424B5 with the
22 SEC for the offer and sale of \$4.6 billion in fixed- and floating-rate notes with maturities
23 reaching out to September 15, 2041. The prospectus informed investors that the proceeds of the
24 \$4.6 billion offering would "be used to facilitate the funding of our proposed acquisition of
25 Autonomy [and any] proceeds from the sale of the Global Notes that are not used to fund the
26 Autonomy acquisition will be used for general corporate purposes." The September 13, 2011
27 prospectus incorporated by reference management's discussion and analysis of the Services
28

1 segment's financial performance as reported in the Company's third quarter 2011 Form 10-Q,
 2 which stated in relevant part:

3 Services net revenue increased 3.6% (decreased 1.9% when adjusted for currency)
 4 and 1.0% (decreased 1.4% when adjusted for currency) for the three and nine
 5 months ended July 31, 2011, respectively. Infrastructure Technology Outsourcing
 6 net revenue increased by 5% and 2% for the three and nine months ended July 31,
 7 2011, respectively. An increase in product-related revenue and a favorable currency
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 11 our consulting business and a favorable currency impact, the effect of which was
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 2011, respectively. The increase for both periods was driven by a favorable
 currency impact, the effect of which was partially offset by declines in short-term
 project work and primarily to the ExcellerateHRO divestiture completed at the end
 of the third quarter of fiscal 2010.

13 31. Also on September 13, 2011, Defendant Apotheker participated at the Deutsche
 14 Bank Technology Conference and represented the following in relevant part:

15 Autonomy – I'm sure we have many more questions on Autonomy, but, just to
 16 position that squarely in everybody's minds, the idea around Autonomy is to
 17 really strengthen HP's capabilities tremendously in this whole notion of data. We
 18 talked about data in San Francisco. We will talk a lot about data, probably, today,
 19 as well, structured and unstructured. And, therefore, Autonomy is a very
 important asset.

20 ***

21 And let me just try to build on that and help you understand how we came to the
 22 valuation of Autonomy. *We have a pretty rigorous process inside HP that we*
 23 *follow for all of our acquisitions, which is a DCF-based model, and we try to*
 24 *take a very conservative view at this. Just to make sure everybody understands.*
Autonomy will be, on day one, accretive to HP. For FY 2012, Autonomy, once
we integrate it, is accretive to HP.

25 Now, we have identified five synergy possibilities – five synergy leverages on how
 26 we can build up the Autonomy business and how we can synergize it between HP
 27 and Autonomy. And I can walk you through that, through these various elements.
 28 But just take it from us. We did that analysis at great length, in great detail, and we
 feel that we paid a very fair price for Autonomy. And it will give a great return to
 our shareholders.

1 ***

2 [WHITMORE:] You're in the midst of repositioning [Enterprise Services]. Can
3 you talk about where you are today in that process, what the end goal is? What do
4 you hope to turn EDS into?

5 [APOTHEKER:] Okay. It's not EDS anymore; it's HP Enterprise Services. And
6 the segment we report is that business, our enterprise services, and our technical
7 services. We bring it all together in the segment service that you see in the reporting.

8 So, what are we trying to do? Currently, our HP EDS – former EDS business is
9 heavily skewed towards outsourcing. We are trying to shift this balance over time
10 and it has to be gradual, because in service businesses, things move gradually to a
11 more balanced portfolio approach. We will be providing on top of our outsourcing
12 businesses – or alongside our outsourcing businesses additional, higher-added-
13 value service, be it clouds – we want to put a lot of focus on clouds – application
14 migrations towards the clouds, application modernization, and, in fact, provide
15 more IP for our customers as well.

16 (emphasis added).

17 32. On September 22, 2011, HP terminated Defendant Apotheker as its CEO and
18 announced that Defendant Whitman would take over as the Company's new President and CEO.

19 33. On September 22, 2011, the Company hosted a conference call where Defendant
20 Whitman stated the following in relevant part:

21 Second, the Autonomy acquisition, which I'm excited about, is proceeding as
22 planned, and is expected to be completed by the end of the calendar year.

23 34. On October 3, 2011, the Company issued a press release announcing that it had
24 acquired control of Autonomy. The press release stated the following in relevant part:

25 Holders of 213,421,299 Autonomy shares have accepted HP's previously
26 announced offer to purchase the entire share capital of Autonomy at a price of
27 £25.50 per share in cash, representing approximately 87.34 percent of the current
28 issued share capital of Autonomy. As such, all conditions relating to the offer
have now been satisfied, allowing HP to acquire control of Autonomy.

The acquisition positions HP as a leader in the large and growing enterprise
information management space. Autonomy's software offerings power more than
25,000 customer accounts worldwide and, as part of HP, will provide high-value
business solutions to help customers manage the explosion of unstructured and
structured information. Autonomy offers solutions that are complementary across

1 HP's enterprise offerings and strengthens the company's data analytics, cloud,
2 industry and workflow management capabilities.

3 "We are committed to helping our customers solve their toughest IT challenges.
4 The exploding growth of unstructured and structured data and unlocking its value
5 is the single largest opportunity for consumers, businesses and governments," said
6 Meg Whitman, HP president and chief executive officer. "Autonomy significantly
increases our capabilities to manage and extract meaning from that data to drive
insight, foresight and better decision making."

7 As previously announced, Autonomy will operate as a separate business unit. Dr.
8 Mike Lynch, the founder and chief executive officer of Autonomy, will continue
to lead the Autonomy business and will report to Whitman.

9 "This is a historic day for Autonomy, our employees and the customers we serve,
10 as we combine HP's phenomenal assets and Autonomy's specialized skills to
11 produce systems that handle all the information in the enterprise, regardless of the
12 format it is in," said Lynch. "We are at the dawn of a new era when it is the 'I' in
IT that is changing, not just the 'T.'"

13 35. On November 21, 2011, the Company issued a press release announcing
14 financial results for the fiscal year ended October 31, 2011. For the fourth quarter, the
15 Company reported net earnings of \$239 million, or \$0.12 diluted EPS, and net revenue of \$32.1
16 billion, as compared to net earnings of \$2.5 billion, or \$0.11 diluted EPS, and net revenue of
17 \$33.3 billion for the same period a year ago. For the fiscal year, the Company reported net
18 earnings of \$7.1 billion, or \$3.32 diluted EPS, and net revenue of \$127.2 billion, as compared to
19 net earnings of \$8.8 billion, or \$3.69 diluted EPS, and net revenue of \$126 billion for the same
20 period a year ago.
21

22 36. Also on November 21, 2011, the Company conducted a conference call with
23 analysts. During the call, Defendant Whitman represented the following:
24

25 [W]e closed the Autonomy acquisition on October 3. In the last month, we've
26 had hundreds of leads passed between the two companies, and we've created a
27 new information management business group that combines Autonomy, Vertica,
and other HP software assets under Mike Lynch, and reports directly to me.

28 ***

1 Well let me just spend a moment on Autonomy. I am really excited about this
2 acquisition. *As you all know, I think it really positions HP as a leader in the*
3 *Next-generation information management and analytics capabilities, as the*
4 *explosion of data is making these capabilities absolutely critical. Autonomy is a*
5 *unique asset.* It has a remarkable ability to manage unstructured information in a
6 way that no one else in the market does. I think that adds a lot of value not only in
7 their space but actually across HP.

8 So, what we've set up is Autonomy is actually running fairly autonomously
9 (laughter) but we have done a great job I think of integrating the go-to market. So,
10 there are sales leads that are going from Autonomy to HP – interestingly, which
11 we didn't expect so much of in terms of a hardware pull-through – but also from
12 our HP sales team back to Autonomy. We've got a clearing house that vets all
13 those leads. So, that what we turn over to Autonomy are really high quality leads
14 that will allow Autonomy to grow much faster than they would have grown on
15 their own. That's the name of the game for 2012.

16 There's going to be lots of other things we do together but accelerating the growth
17 of Autonomy using the distribution capability of HP is priority number one, two
18 and three for 2012.

19 ***

20 First, we increased our investment levels through fiscal-year 2011 because there
21 are areas where HP had previously under-invested. This is a big reason why our
22 services margins have been coming down and remain pressured.

23 37. During the call, Defendant Lesjak represented the following:

24 We closed the acquisition of Autonomy in October, and therefore, we had roughly
25 one month of results in the software numbers. *The integration is going well thus*
26 *far, and we are focused on enabling our global sales force to ramp on the*
27 *Autonomy product line-up, so they can begin selling Autonomy software in*
28 *fiscal '12.*

29 ***

30 HP services delivered revenue of \$9.3 billion, up 2% from the prior year quarter,
31 but down 1% in constant currency. Operating profit of \$1.2 billion, or 12.8% of
32 revenue, was down 360 basis points from the prior year. Our services turnaround
33 will take time as we work to shift the business mix toward higher growth, higher
34 margin services. IT outsourcing revenue of \$3.9 billion was up 1% year-over-
35 year.

36 38. On December 7, 2011, the Company filed a prospectus on Form 424B5 with the
37 SEC for the offer and sale of \$3.0 billion in fixed-rate notes with maturities reaching out to
38 December 9, 2021. The prospectus informed investors that the proceeds of the \$3.0 billion

1 offering would be "for general corporate purposes." The December 7, 2011 prospectus
2 incorporated by reference management's discussion and analysis of the Services segment's
3 financial performance during the third quarter of 2011.

4
5 39. On December 14, 2011, HP filed an annual report for the fiscal year ended
6 October 31, 2011 on a Form 10-K with the SEC, which was signed by, among others,
7 Defendants Whitman and Lesjak and reiterated the Company's previously announced financial
8 results. In addition, the Form 10-K contained signed certifications pursuant to SOX by
9 Defendants Whitman and Lesjak stating that the information contained in the Form 10-K was
10 accurate and disclosed any material changes to the Company's internal control over financial
11 reporting.
12

13 40. The Form 10-K stated the following in relevant part:

14 HP's largest acquisition in fiscal 2011 was its acquisition of Autonomy
15 Corporation plc ("Autonomy"). As of October 31, 2011, HP owned an
16 approximately 99% equity interest in Autonomy, and HP expects to acquire a
17 100% equity interest before the end of the first quarter of fiscal 2012. Autonomy
18 is a provider of infrastructure software for the enterprise. HP reports the financial
19 results of the Autonomy business in the HP Software segment. The acquisition
20 date fair value consideration of \$11 billion consisted of cash paid for outstanding
21 common stock, convertible bonds, vested in-the-money stock awards and the
22 estimated fair value of earned unvested stock awards assumed by HP. In
connection with this acquisition, HP recorded approximately \$6.6 billion of
goodwill and amortizable purchased intangible assets of \$4.6 billion. HP is
amortizing the purchased intangible assets on a straight-line basis over an
estimated weighted-average life of 8.8 years.

23 ***

24 Services net revenue increased 1.2% (decreased 1.3% when adjusted for currency)
25 in fiscal 2011 due to revenue increases in Infrastructure Technology Outsourcing
26 and Technology Services. Infrastructure Technology Outsourcing net revenue
27 increased by 2% in fiscal 2011. An increase in product-related revenue and a
28 favorable currency impact were partially offset by a shortfall in short-term project
contracts with existing clients. Technology services net revenue increased by 2%
in fiscal 2011, due primarily to growth in our consulting business and a favorable
currency impact, the effect of which was partially offset by reduced sales of third-
party hardware. Applications Services net revenue increased by 1% in fiscal 2011.

1 The increase was driven by a favorable currency impact, the effect of which was
 2 partially offset by declines in short-term project work and weakness in public
 3 sector spending. Business Process Outsourcing new revenue decreased by 7% in
 4 fiscal 2011 due primarily to the ExcellerateHRO divestiture completed at the end
 5 of the third quarter of fiscal 2010.

6 Services earning from operations as a percentage of net revenue decreased by 1.6
 7 percentage points in fiscal 2011. Operating margin decreased due primarily to
 8 lower than expected revenue, rate concessions arising from recent contract
 9 renewals, a lower than expected resource utilization rate and a higher mix of lower-
 10 margin Infrastructure Technology Outsourcing revenue. The decrease in operating
 11 margin was partially offset by a reduction in bad debt expense and a continued
 12 focus on operating improvements and cost initiatives that favorably impacted the
 13 cost structure of both our enterprise services and technology services businesses.

14 41. On February 22, 2012, the Company issued a press release announcing financial
 15 results for the first quarter ended January 31, 2012. For the quarter, the Company reported net
 16 earnings of \$1.5 billion, or \$0.73 diluted EPS, and net revenue of \$30 billion as compared to net
 17 earnings of \$2.6 billion, or \$1.17 diluted EPS, and net revenue of \$32.3 billion for the same
 18 period a year ago. For the Company's Software segment, "revenue grew 30% year over year
 19 with a 17.1% operating margin, including the results of Autonomy. Software revenue was
 20 driven by 12% license growth, 22% support growth and 108% growth in services."

21 42. Also on February 22, 2012, the Company conducted a conference call with
 22 analysts. During the call, Defendant Whitman represented the following:

23 In Services, year-over-year revenues were up 1% while operating margin declined
 24 to 10.5%. This continuing margin pressure is Services really goes straight to a
 25 couple of our major challenges, like resource utilization and business mix. We're
 26 focused on transitioning to more profitable services while enhancing our systems,
 27 processes and sales force. Last quarter, we characterized Services as a longterm
 28 effort. That journey continues.

29 In Software, with the addition of Autonomy, revenue grew 30% year-over-year
 30 with a 17.1% operating margin. *The Autonomy acquisition is going well.* And
 31 we're continuing to grow our set of assets from Information Management to our IT
 32 Performance Suite including security, management of hybrid clouds and
 33 Application Lifecycle Management. Software is a critical part of our portfolio and
 34 of our forward-looking strategy. It amplifies, differentiates, optimizes and secures
 35 our core infrastructure, builds on our solution capabilities and expands customer
 36 relationships.

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2 43. During the call, Defendant Lesjak represented the following:

3 So the performance that we delivered [in Services] was in line with the expectations
4 that we set last quarter, and I think that that's an important point. So there shouldn't
5 be any surprises here on that. Revenues in Services did grow 1%, it was flat, on a
6 reported basis it was flat in constant currency while the cost structure increased due
7 to the necessary investments that we've been talking about in service delivery, in
8 basically building out our bench and in investing to build out our strategic
9 enterprise services. And I put – the services that we put in that category are services
10 around cloud, analytics and security, as well as apps modernization. And those are
11 the higher growth, higher margin services that we need to invest into and convert
12 this business from being less ITO heavy where the margins are not as good, and in
13 some service lines within ITO, the margins are very unattractive and we're
14 deemphasizing some of the revenue in that space.

15 44. On March 12, 2012, HP filed a quarterly report for the period ended January 31,
16 2012 on Form 10-Q with the SEC, which was signed by Defendant Lesjak and reiterated the
17 Company's previously announced financial results. In addition, the Form 10-Q contained
18 signed certifications pursuant to SOX by Defendants Whitman and Lesjak stating that the
19 information contained in the Form 10-Q was accurate and disclosed any material changes to the
20 Company's internal control over financial reporting.

21 45. The Form 10-Q stated the following in relevant part:

22 Additionally, during the three months ended January 31, 2012, HP recorded
23 additional goodwill of \$224 million in the Software segment due to a change in
24 the estimated fair values of purchased intangible assets and net tangible assets
25 associated with the acquisition of Autonomy Corporation plc ("Autonomy"). This
26 increase to goodwill was partially offset by a currency translation adjustment of
27 \$106 million on goodwill related to Autonomy subsidiaries whose functional
28 currency is not the U.S. dollar.

For the first three months of fiscal 2012, the majority of the decrease in gross
intangibles was related to a \$293 million change in the estimated fair value of
Autonomy's purchased intangible assets acquired, \$104 million of fully amortized
intangible assets which have been eliminated from both the gross and
accumulated amortization amounts, and a \$92 million reduction in intangibles due
to currency translation on intangibles related to Autonomy subsidiaries whose
functional currency is not the U.S. dollar.

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The Software segment contributed favorably to the total HP net revenue change primarily as a result of the acquisition of Autonomy Corporation plc.

Services net revenue increased 1.1% (0.3% when adjusted for currency) for the three months ended January 31, 2012 due to revenue increases in Infrastructure Technology Outsourcing and Technology Services. Infrastructure Technology Outsourcing net revenue increased by 2% due to an increase in product-related revenue and a favorable currency impact, the effect of which was partially offset by a decline in shortterm project contracts with existing clients. Net revenue in Technology Services increased by 2% due primarily to growth in our consulting and support businesses, the effect of which was partially offset by reduced sales of third-party hardware. Application and Business Services net revenue was flat due primarily to a decline in short-term project work, the effect of which was offset by a favorable currency impact.

Services earnings from operations as a percentage of net revenue decreased by 5.7 percentage points in the three months ended January 31, 2012. Operating margin decreased due primarily to rate concessions arising from contract renewals, investments in service delivery and sales headcount and additional costs associated with contract deliverable delays.

Software net revenue increased 30.5% (29.1% when adjusted for currency) for the three months ended January 31, 2012 due to revenues from acquired companies, primarily Autonomy, as well as growth in the organic business. Net revenue from services, support and licenses increased by 108%, 22% and 12%, respectively.

46. On May 23, 2012, the Company issued a press release announcing financial results for the second fiscal quarter ended April 30, 2012. For the quarter, the Company reported net earnings of \$3 billion, or \$1.53 diluted EPS, and net revenue of \$30.7 billion as compared to net earnings of \$5 billion, or \$2.23 diluted EPS, and net revenue of \$31.6 billion for the same period a year ago.

47. On May 23, 2012, the Company held a conference call with analysts. Defendant Whitman admitted that "Autonomy had a very disappointing license revenue quarter with a significant decline year-over-year resulting in a shortfall to our expectations." Further,

1 Defendant Whitman disclosed the following:

2 To help improve Autonomy's performance, Bill Veghte, HP's Chief Strategy
3 Officer and Executive Vice President of HP Software, will step in to lead
4 Autonomy. Mike Lynch, Autonomy's Founder and Executive Vice President for
5 Information Management will leave HP after a transition period. The market and
6 competitive position for Autonomy remains strong, particularly in cloud
7 offerings, and we have been flooded with a number of big deal leads. Bill is an
8 experienced software leader, who will develop the right processes and discipline
9 to scale Autonomy and fulfill its promise, although it will take a few quarters to
10 see tangible improvement.

11 ***

12 Turning to Services, revenues were essentially flat year-over-year in constant
13 currency and we stabilized margins. While margins may fluctuate quarter-to-quarter,
14 we believe that a 10% to 12% range is the right sustainable profit margin profile for
15 Services through the remainder of fiscal year 2012. We're focused on building out
16 strategic practice areas, in cloud, security, information management, and application
17 transformation. And we're strengthening the industry alignment of our Services
18 business, which will help us better solve customer challenges, create more customer
19 value and deepen customer relationships. We're excited about growing these higher-
20 margin categories, but this is a business that continues to be challenged. It's a
21 journey, and we have a lot of work ahead of us in this turnaround.

22 48. On June 8, 2012, HP filed a quarterly report for the period ended April 30, 2012
23 on Form 10-Q with the SEC, which was signed by Defendant Lesjak and reiterated the
24 Company's previously announced financial results. In addition, the Form 10-Q contained
25 signed certifications pursuant to SOX by Defendants Lesjak and Whitman stating that the
26 information contained in the Form 10-Q was accurate and disclosed any material changes to the
27 Company's internal control over financial reporting.

28 49. The Form 10-Q stated the following in relevant part:

During the six months ended April 30, 2012, HP recorded additional goodwill of \$224 million in the Software segment due to a change in the estimated fair values of purchased intangible assets and net tangible assets associated with the acquisition of Autonomy Corporation plc ("Autonomy"). HP also recorded a net increase to goodwill of \$213 million as a result of a currency translation adjustment on goodwill related to Autonomy subsidiaries whose functional currency is not the U.S. dollar.

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3 For the first six months of fiscal 2012, the majority of the decrease in gross
4 intangibles was related to \$428 million of fully amortized intangible assets which
5 have been eliminated from both the gross and accumulated amortization amounts
6 and a \$293 million change in the estimated fair value of Autonomy's purchased
7 intangible assets acquired. The decrease to intangibles was partially offset by a
8 net currency translation adjustment of \$165 million on intangibles related to
9 Autonomy subsidiaries whose functional currency is not the U.S. dollar.

10 ***

11 The Software segment contributed favorably to the total HP net revenue change
12 primarily as a result of the acquisition of Autonomy Corporation plc.

13 ***

14 Services net revenue decreased 1% (0.3% when adjusted for currency) for the
15 three months ended April 30, 2012 and was flat both as reported and in constant
16 currency for the six months ended April 30, 2012, respectively. Application and
17 Business Services net revenue increased by 1% and remained flat for the three
18 and six months ended April 30, 2012, respectively. The revenue increase was due
19 primarily to an increase in short-term project work as well as an increase in sales
20 of cloud offerings, the effect of which was offset by a reduction in contract
21 renewals. Technology Services net revenue remained flat for the three months
22 ended April 30, 2012. Technology Services net revenue increased by 1% for the
23 six months ended April 30, 2012, due primarily to growth in our consulting and
24 support businesses. Infrastructure Technology Outsourcing net revenue decreased
25 by 3% and 1% for the three and six months ended April 30, 2012, respectively.
26 Lower rates on contract renewals for both periods, along with increased deal
27 selectivity designed to meet threshold margins for new contracts, contributed to
28 the decrease in revenues.

50. On August 8, 2012, the Company issued a press release announcing that it
expects "to record a non-cash pre-tax charge for the impairment of goodwill within its Services
segment of approximately \$8 billion in the third quarter of its fiscal 2012." The press release
further stated the following in relevant part:

The impairment review stems from the recent trading values of HP's stock,
coupled with market conditions and business trends within the Services segment.
Under accounting rules, when indicators of potential impairment are identified,
companies are required to conduct a review of the carrying amounts of goodwill
and other long-lived assets to determine if an impairment exists.

1 HP does not expect this estimated goodwill impairment charge to result in any
2 future cash expenditures or otherwise affect the ongoing business or financial
3 performance of its Services segment.

4 51. On August 22, 2012, the Company issued a press release announcing financial
5 results for the third fiscal quarter ended July 31, 2012. For the quarter, the Company reported
6 net loss of \$8.9 billion, or (\$4.49) diluted EPS, and net revenue of \$29.7 billion as compared to
7 net earnings of \$1.9 billion, or \$0.93 diluted EPS, and net revenue of \$31.2 billion for the same
8 period a year ago. Moreover, the Company's financial results included a goodwill impairment
9 charge of \$8 billion associated with the Services segment.

10 52. On August 22, 2012, the Company held a conference call with analysts.
11 Defendant Whitman represented the following:
12

13 Now, let me outline some areas where we're not where we need to be. While
14 Enterprise Services performance in the third quarter was within our expectations,
15 there's still a lot of work that needs to be done. Earlier this month we announced a
16 change in leadership at ES with Mike Nefkens stepping in to lead on an acting
17 basis. Mike is an experienced leader who has led IT transformations for a number
18 of our largest accounts.

19 ***

20 Autonomy still requires a great deal of attention and we've been aggressively
21 working on that business. Among the many changes we've instituted is a global
22 dashboard to track Autonomy's pipeline. A single global sales methodology, a single
23 HP Services engagement process, and a global process to measure client satisfaction
24 and service delivery progress. These actions are designed to help deliver predictable
25 results and improve after-sale customer satisfaction.

26 53. During the call, Defendant Lesjak represented the following:
27

28 Moving on to Services. As we announced on August 8, we are recording a GAAP
only non-cash pretax charge of approximately \$8 billion for the impairment of
goodwill within the Services segment. The impairment stems from the recent
trading values of HP stock coupled with market conditions and business trends
within the Services segment. We do not expect this goodwill impairment charge
to result in any future cash expenditures or otherwise affect the ongoing business
or financial performance of the Services segment.

In the third quarter, Services delivered revenue of \$8.8 billion, down 3% from the
prior year and up 1% in constant currency. Operating profit of \$959 million was 11%

1 of revenue, down 2.7 points from the prior year, but still within our expected range of
2 10% to 12%. The year-over-year decline was due to the unfavorable impact of
3 resource management and account performance and runoff, somewhat offset by an
improvement in the cost of Services delivery.

4 54. On these news, HP stock declined \$1.57 per share or more than 8%, to close at
5 \$17.64 per share on August 23, 2012.

6 55. On September 10, 2012, HP filed a quarterly report for the period ended July 31,
7 2012 on Form 10-Q with the SEC, which was signed by Defendant Lesjak and reiterated the
8 Company's previously announced financial results. In addition, the Form 10-Q contained
9 signed certifications pursuant to SOX by Defendants Lesjak and Whitman stating that the
10 information contained in the Form 10-Q was accurate and disclosed any material changes to the
11 Company's internal control over financial reporting.
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13 56. The Form 10-Q stated the following in relevant part:
14

15 Additionally, HP recorded an increase to goodwill of \$249 million in the Software
16 segment due to a change in the estimated fair values of purchased intangible
17 assets and net tangible assets associated with the acquisition of Autonomy
Corporation plc ("Autonomy").

18 ***

19 The Software segment includes \$14.6 billion of goodwill, of which \$7.7 billion
20 relates to the legacy HP software business and \$6.9 billion relates to the
21 Autonomy acquisition. Based on HP's last annual goodwill impairment review
22 completed as of August 1, 2011, the excess of fair value over carrying value of
the legacy HP software business was 38% of the carrying value, which is lower
than that of HP's other reporting units. At the time of the Autonomy acquisition in
October 2011, the fair value of Autonomy approximated the carrying value.

23 ***

24 For the first nine months of fiscal 2012, the majority of the decrease in gross
25 intangibles was related to \$537 million of fully amortized intangible assets which
26 have been eliminated from both the gross and accumulated amortization amounts
and a \$293 million change in the estimated fair value of Autonomy's purchased
intangible assets acquired.

27 ***

28 The Software segment contributed favorably to the total HP net revenue change as
a result of the acquisition of Autonomy Corporation plc.

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Services net revenue decreased 3.1% (increased 1.0% when adjusted for currency) and 1.0% (increased 0.4% when adjusted for currency) for the three and nine months ended July 31, 2012, respectively. ITO net revenue decreased by 6% and 3% for the three and nine months ended July 31, 2012, respectively. Contractual rate declines on ongoing contracts, increased deal selectivity designed to meet threshold margins and strategic fit, and an unfavorable currency impact contributed to the decrease in revenues for both the periods. TS net revenue decreased by 1% and remained flat for the three and nine months ended July 31, 2012, respectively. The decrease for the three months ended July 31, 2012 was due primarily to revenue declines in our support business driven by an unfavorable currency impact, the effect of which was partially offset by growth in our consulting business. ABS net revenue remained flat for both the three and nine months ended July 31, 2012, respectively. An increase in sales of cloud and information management and analytics offerings were offset by a reduction in contract renewals as well as unfavorable currency impacts.

Services earnings from operations as a percentage of net revenue for the three and nine months ended July 31, 2012 decreased by 2.7 percentage points and 4.2 percentage points, respectively. Operating margin decreased for both periods due primarily to contractual rate declines on ongoing contracts, a lower resource utilization rate and additional costs associated with certain contract deliverable delays. The decrease in operating margin was partially offset by a continued focus on operating improvements and cost initiatives that favorably impacted the cost structure of both our enterprise services and technology services businesses.

Software net revenue increased 18.4% (21.0% when adjusted for currency) and 23.3% (23.7% when adjusted for currency) for the three and nine months ended July 31, 2012, respectively. The net revenue increase for both periods was due to revenues from acquired companies, primarily Autonomy. For the three months ended July 31, 2012, net revenue from services, support and licenses increased by 65%, 16% and 2%, respectively. For the nine months ended July 31, 2012, net revenue from services, support and licenses increased by 81%, 18% and 7%, respectively.

For the three and nine months ended July 31, 2012, Software earnings from operations as a percentage of net revenue decreased by 1.5 percentage points and 1.1 percentage points, respectively. The operating margin decrease for both periods was due primarily to a lower mix of license revenue, higher deferred revenue write-downs and integration costs associated with the Autonomy acquisition, the effects of which were partially offset by rate increases in hosted license services and lower deferred revenue write-downs associated with our fiscal 2010 acquisitions than in the prior-year periods.

1 57. The statements referenced in ¶¶ 25-31; 33-53; 55-56 above were materially false
2 and/or misleading because they misrepresented and failed to disclose the following adverse
3 facts, which were known to defendants or recklessly disregarded by them, including that: (i) at
4 the time the Company acquired Autonomy, Autonomy's reported operating results and historic
5 growth were the product of accounting improprieties, including the mischaracterization of
6 revenue from negative-margin, low-end hardware sales with little or no associated software
7 content as "IDOL product and the improper recognition of revenue on transactions with
8 business partners where no end-user customers existed at the time of sale; (ii) at the time the
9 Company had agreed in principle to acquire Autonomy, HP was looking to unwind the deal due
10 to potential accounting improprieties discovered in Autonomy's financial statements; (iii) the
11 Company engaged in inadequate due diligence during the Autonomy acquisition and, as a result
12 thereof, the Company materially overpaid for Autonomy; (iv) the Company's reported goodwill
13 and acquired intangible assets were overstated and would have to be written down; (v)
14 Autonomy's operating margin for its Enterprise Services segment was collapsing for several
15 reasons, including unfavorable revenue mix and underperforming contracts; and (vi) as a result
16 of the above, the Company's financial statements were materially false and misleading at all
17 relevant times. Moreover, the statements referenced in ¶¶ 46-53; 55-56 above were materially
18 false and misleading because, as a result of detailed allegations of fraud provided by a
19 whistleblower former employee of Autonomy, as early as May 2012, HP had commenced an
20 internal investigation regarding potential accounting manipulations at Autonomy.
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25 **The Truth Begins to Emerge**

26 58. On October 3, 2012, the Company held an Analyst Meeting where it gave a
27 presentation showing that by August 2011, HP's Enterprise Services' operating margin had
28

1 already decreased nearly 500 basis points from 10% to 5% on \$6 billion in quarterly revenue.
2 Further, the presentation revealed that by October 2012, Enterprise Services' operating margin
3 had deteriorated by another 40%, or to 3% on \$6 billion in quarterly revenue. The Company
4 further reported that its Services segment's 2013 revenue would slide by 11% to 13% and that
5 operating margins were expected to be in the range of 0% to 3%.
6

7 59. On this news, HP stock declined \$2.22 per share or nearly 13%, to close at
8 \$14.91 per share on October 3, 2012.
9

10 60. On November 20, 2012, the Company issued a press release announcing
11 financial results for the fourth fiscal quarter and full year ended October 31, 2012. For the
12 quarter, the Company reported net loss of \$6.9 billion, or (\$3.49) diluted EPS, and net revenue
13 of \$30 billion as compared to net earnings of \$239 million, or \$0.12 diluted EPS, and net
14 revenue of \$32 billion for the same period a year ago. For the full year, the Company reported
15 net loss of \$12.7 billion, or (\$6.41) diluted EPS, and net revenue of \$120.4 billion as compared
16 to net earnings of \$7.1 billion, or \$3.32 diluted EPS, and net revenue of \$127 billion for the
17 same period a year ago.
18

19 61. That same day, the Company issued a press release disclosing a non-cash
20 impairment charge of \$8.8 billion related to the acquisition of Autonomy. Significantly, the
21 Company revealed that more than \$5 billion of the impairment charge was "is linked to serious
22 accounting improprieties, misrepresentation and disclosure failures" made by Autonomy in the
23 anticipation of the HP acquisition. In addition, the Company disclosed that as a result of reports
24 by a whistleblower who was a former executive at HP, in May 2012, it had launched an internal
25 investigation into improper accounting practices at Autonomy. The press release disclosed the
26 following in relevant part:
27
28

1 "HP is extremely disappointed to find that some former members of Autonomy's
2 management team used accounting improprieties, misrepresentations and
3 disclosure failures to inflate the underlying financial metrics of the company,
4 prior to Autonomy's acquisition by HP. These efforts appear to have been a
5 willful effort to mislead investors and potential buyers, and severely impacted HP
6 management's ability to fairly value Autonomy at the time of the deal. We remain
7 100 percent committed to Autonomy and its industry-leading technology."

8 Additional background:

9 HP today announced a non-cash impairment charge of \$8.8 billion related to
10 Autonomy in the fourth quarter of its 2012 fiscal year. The majority of this
11 impairment charge, more than \$5 billion, is linked to serious accounting
12 improprieties, misrepresentation and disclosure failures discovered by an internal
13 investigation by HP and forensic review into Autonomy's accounting practices
14 prior to its acquisition by HP. The balance of the impairment charge is linked to
15 the recent trading value of HP stock and headwinds against anticipated synergies
16 and marketplace performance.

17 HP launched its internal investigation into these issues after a senior member of
18 Autonomy's leadership team came forward, following the departure of Autonomy
19 founder Mike Lynch, alleging that there had been a series of questionable
20 accounting and business practices at Autonomy prior to the acquisition by HP.
21 This individual provided numerous details about which HP previously had no
22 knowledge or visibility.

23 HP initiated an intense internal investigation, including a forensic review by
24 PricewaterhouseCoopers of Autonomy's historical financial results, under the
25 oversight of John Schultz, executive vice president and general counsel, HP.

26 As a result of that investigation, HP now believes that Autonomy was
27 substantially overvalued at the time of its acquisition due to the misstatement of
28 Autonomy's financial performance, including its revenue, core growth rate and
gross margins, and the misrepresentation of its business mix.

Although HP's investigation is ongoing, examples of the accounting improprieties
and misrepresentations include:

- The mischaracterization of revenue from negative-margin, low-end hardware sales with little or no associated software content as "IDOL product," and the improper inclusion of such revenue as "license revenue" for purposes of the organic and IDOL growth calculations.
 - This negative-margin, low-end hardware is estimated to have comprised 10-15% of Autonomy's revenue.

- 1 • The use of licensing transactions with value-added resellers to inappropriately
2 accelerate revenue recognition, or worse, create revenue where no end-user
3 customer existed at the time of sale.

4 This appears to have been a willful effort on behalf of certain former Autonomy
5 employees to inflate the underlying financial metrics of the company in order to
6 mislead investors and potential buyers. These misrepresentations and lack of
disclosure severely impacted HP management's ability to fairly value Autonomy
at the time of the deal.

7 62. The Company also held a conference call to discuss its financial results. In
8 regard to the impairment charge, Defendant Whitman stated the following in relevant part:

9 The majority of this impairment charge is linked to serious accounting
10 improprieties, disclosure failures and outright misrepresentations that occurred
11 prior to HP's acquisition of Autonomy, and the associated impact on the expected
12 financial performance of the business over the long-term. The balance of the
impairment charge is linked to the recent trading value of HP stock.

13 These improprieties were discovered through an internal investigation after a
14 senior member of Autonomy's leadership team came forward following the
15 departure of Mike Lynch on May 23. Based on this information, HP initiated an
16 intense internal investigation into the allegations, including a third-party forensic
review of Autonomy's historically financial results.

17 HP has contacted the SEC's Enforcement Division and the U.K's Serious Fraud
18 Office. We have requested that both agencies open criminal and civil
19 investigations into this matter. In addition, HP intends to seek redress against
20 various parties in the appropriate civil courts to recoup what we can for our
shareholders.

21 63. On this news, HP stock dropped \$1.59 per share or nearly 12%, to close at
22 \$11.74 per share on November 20, 2012.

23 64. On November 20, 2012, *The Wall Street Journal* ("WSJ") published an article
24 entitled, "H-P Says It was Duped, Takes \$8.8 Billion Charge." Specifically, the article stated
25 that members of HP's due diligence team noted potential accounting irregularities at Autonomy
26 at the time of the merger, and even considered scuttling the Autonomy deal as a result. The
27 article stated, in relevant part:
28

1 H-P General Counsel John Schultz said the internal investigation into the
2 Autonomy deal began in May when he told Ms. Whitman he had just spoken with
3 a senior executive in the Autonomy software business, who had alleged that
4 executives at Autonomy had been cooking the books before the acquisition. The
5 identity of that senior executive couldn't be determined.

6 A spokesman for Autonomy's accounting firm, Deloitte LLP, said Tuesday:
7 "Deloitte UK categorically denies that it had any knowledge of any accounting
8 improprieties or any misrepresentations in Autonomy's financial statements, or
9 that it was complicit in any accounting improprieties or misrepresentations."

10 ***

11 H-P said Tuesday that Autonomy, before it was acquired, had mischaracterized
12 some sales of low-margin hardware as software and had recognized some deals
13 with partners as revenue, even when a customer never bought the product.

14 At least one year before the H-P acquisition, an Autonomy executive brought
15 concerns about the company's accounting practices to U.S. regulators including
16 the SEC, according to people familiar with the matter. Autonomy didn't trade on
17 U.S. exchanges prior to the H-P deal, so it is unclear whether U.S. agencies had
18 jurisdiction.

19 H-P's internal team was aware of talk about accounting irregularities at the time
20 the deal was struck, people familiar with the matter have said. At the time, one of
21 these people said, H-P was looking for a way to unwind the deal before it closed,
22 but couldn't find any material accounting issues.

23 ***

24 In May 2012, Mr. Lynch left H-P. Shortly after, the unidentified Autonomy senior
25 executive approached Mr. Schultz. Mr. Schultz said that during a phone call to
26 discuss other matters, the Autonomy executive asked to speak with him in person.

27 The pair met in a conference room at H-P's Palo Alto headquarters, where the
28 executive provided an outline of the alleged accounting fraud, Mr. Schultz said.
The executive later provided some emails and financial information that Mr.
Schultz said substantiated the claim.

Working with auditing firm PricewaterhouseCoopers LLP, an H-P team re-
created Autonomy's books. People familiar with the investigation said that the
team found that for at least two years, Autonomy booked sales of low-margin
hardware products as software and would label the cost of that hardware as
marketing or other expenses, which made products appear faster growing and
more profitable than they really were.

1 In late June 2012, Mr. Lynch met with H-P to discuss issues including “transition
2 and obligations to the company,” said Mr. Lynch’s spokeswoman. She added that
3 at the meeting, he was asked about the operation of a small number of deals,
which he explained.

4 65. On November 26, 2012, *WSJ* published an article entitled, “Long Before H-P
5 Deal, Autonomy’s Red Flags” where it discussed Autonomy’s aggressive accounting practices
6 and corporate culture. The article noted that several analysts had questioned Autonomy’s
7 accounting practices well in advance of the merger. Specifically, the article stated the following
8 in relevant part:
9

10 Interviews in California and England with former Autonomy employees, business
11 partners and attorneys close to the case paint a picture of a hard-driving sales
12 culture shaped by Mr. Lynch’s desire for rapid growth. They describe him as a
13 domineering figure, who on at least a few occasions berated employees he
believed weren’t measuring up.

14 Along the way, these people say, Autonomy used aggressive accounting practices
15 to make sure revenue from software licensing kept growing—thereby boosting the
16 British company’s valuation. The firm recognized revenue upfront that under U.S.
17 accounting rules would have been deferred, and struck “round-trip
18 transactions”—deals where Autonomy agreed to buy a client’s products or
services while at the same time the client purchased Autonomy software,
according to these people.

19 “The rules aren’t that complicated,” said Dan Mahoney of accounting research
20 business CFRA, who covered Autonomy until it was acquired. He said that
21 Autonomy had the hallmarks of a company that recognized revenue too
22 aggressively. He said neither U.S. nor international accounting rules would allow
23 companies to recognize not-yet collected revenue from customers that might be at
24 risk not to pay, which he said appears to be the case in some of Autonomy’s
25 transactions.

26 **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

27 66. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil
28 Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or
otherwise acquired HP securities during the Class Period (the “Class”); and were damaged
thereby. Excluded from the Class are defendants herein, the officers and directors of the

1 Company, at all relevant times, members of their immediate families and their legal
2 representatives, heirs, successors or assigns and any entity in which defendants have or had a
3 controlling interest.

4
5 67. The members of the Class are so numerous that joinder of all members is
6 impracticable. Throughout the Class Period, HP securities were actively traded on the NYSE.
7 While the exact number of Class members is unknown to Plaintiff at this time and can be
8 ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or
9 thousands of members in the proposed Class. Record owners and other members of the Class
10 may be identified from records maintained by HP or its transfer agent and may be notified of the
11 pendency of this action by mail, using the form of notice similar to that customarily used in
12 securities class actions.

13
14 68. Plaintiff's claims are typical of the claims of the members of the Class as all
15 members of the Class are similarly affected by defendants' wrongful conduct in violation of
16 federal law that is complained of herein.

17
18 69. Plaintiff will fairly and adequately protect the interests of the members of the
19 Class and has retained counsel competent and experienced in class and securities litigation.
20 Plaintiff has no interests antagonistic to or in conflict with those of the Class.

21
22 70. Common questions of law and fact exist as to all members of the Class and
23 predominate over any questions solely affecting individual members of the Class. Among the
24 questions of law and fact common to the Class are:

- 25
- 26 • whether the federal securities laws were violated by defendants' acts as
alleged herein;
 - 27 • whether statements made by defendants to the investing public during the
28 Class Period misrepresented material facts about the business, operations and
management of Autonomy and/or HP;

- whether the Individual Defendants caused Autonomy and/or HP to issue false and misleading financial statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of HP securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

71. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

72. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- HP securities are traded in an efficient market;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NYSE and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased, acquired and/or sold HP securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

1 73. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a
2 presumption of reliance upon the integrity of the market.

3
4 **COUNT I**

5 **(Against All Defendants For Violations of**
6 **Section 10(b) And Rule 10b-5 Promulgated Thereunder)**

7 74. Plaintiff repeats and realleges each and every allegation contained above as if
8 fully set forth herein.

9 75. This Count is asserted against defendants and is based upon Section 10(b) of the
10 Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

11 76. During the Class Period, defendants engaged in a plan, scheme, conspiracy and
12 course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions,
13 practices and courses of business which operated as a fraud and deceit upon Plaintiff and the
14 other members of the Class; made various untrue statements of material facts and omitted to
15 state material facts necessary in order to make the statements made, in light of the
16 circumstances under which they were made, not misleading; and employed devices, schemes
17 and artifices to defraud in connection with the purchase and sale of securities. Such scheme was
18 intended to, and, throughout the Class Period, did: (i) deceive the investing public, including
19 Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the
20 market price of HP securities; and (iii) cause Plaintiff and other members of the Class to
21 purchase or otherwise acquire HP securities and options at artificially inflated prices. In
22 furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them,
23 took the actions set forth herein.

24 77. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of
25 the defendants participated directly or indirectly in the preparation and/or issuance of the
26
27
28

1 quarterly and annual reports, SEC filings, press releases and other statements and documents
2 described above, including statements made to securities analysts and the media that were
3 designed to influence the market for HP securities. Such reports, filings, releases and
4 statements were materially false and misleading in that they failed to disclose material adverse
5 information and misrepresented the truth about HP's finances and business prospects.
6

7 78. By virtue of their positions at HP and/or Autonomy, defendants had actual
8 knowledge of the materially false and misleading statements and material omissions alleged
9 herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the
10 alternative, defendants acted with reckless disregard for the truth in that they failed or refused to
11 ascertain and disclose such facts as would reveal the materially false and misleading nature of
12 the statements made, although such facts were readily available to defendants. Said acts and
13 omissions of defendants were committed willfully or with reckless disregard for the truth. In
14 addition, each defendant knew or recklessly disregarded that material facts were being
15 misrepresented or omitted as described above.
16
17

18 79. Defendants were personally motivated to make false statements and omit
19 material information necessary to make the statements not misleading in order to personally
20 benefit from the sale of HP securities from their personal portfolios.
21

22 80. Information showing that defendants acted knowingly or with reckless disregard
23 for the truth is peculiarly within defendants' knowledge and control. As the senior managers
24 and/or directors of HP and/or Autonomy, the Individual Defendants had knowledge of the
25 details of Autonomy and/or HP's internal affairs.
26

27 81. The Individual Defendants are liable both directly and indirectly for the wrongs
28 complained of herein. Because of their positions of control and authority, the Individual

1 Defendants were able to and did, directly or indirectly, control the content of the statements of
2 HP and/or Autonomy. As officers and/or directors of publicly-held companies, the Individual
3 Defendants had a duty to disseminate timely, accurate, and truthful information with respect to
4 Autonomy and/or HP's businesses, operations, future financial condition and future prospects.
5 As a result of the dissemination of the aforementioned false and misleading reports, releases and
6 public statements, the market price of HP securities was artificially inflated throughout the
7 Class Period. In ignorance of the adverse facts concerning HP's business and financial
8 condition which were concealed by defendants, Plaintiff and the other members of the Class
9 purchased or otherwise acquired HP securities at artificially inflated prices and relied upon the
10 price of the securities, the integrity of the market for the securities and/or upon statements
11 disseminated by defendants, and were damaged thereby.
12

13
14 82. Defendant Deloitte fraudulently certified the financial statements contained in
15 each of Autonomy's annual reports, without qualification, despite having actual knowledge of,
16 or at least recklessly disregarding, the fact that the financial statements violated International
17 Financial Reporting Standards and the Companies Act 2006 and were materially false and
18 misleading. As a result of Deloitte's materially misleading Independent Auditor Reports, which
19 were incorporated into the HP's Offering Documents and financial statements, the price of HP's
20 securities traded at inflated prices.
21

22
23 83. During the Class Period, HP securities were traded on an active and efficient
24 market. Plaintiff and the other members of the Class, relying on the materially false and
25 misleading statements described herein, which the defendants made, issued or caused to be
26 disseminated, or relying upon the integrity of the market, purchased or otherwise acquired
27 shares of HP securities at prices artificially inflated by defendants' wrongful conduct. Had
28

1 Plaintiff and the other members of the Class known the truth, they would not have purchased or
 2 otherwise acquired said securities, or would not have purchased or otherwise acquired them at
 3 the inflated prices that were paid. At the time of the purchases and/or acquisitions by Plaintiff
 4 and the Class, the true value of HP securities was substantially lower than the prices paid by
 5 Plaintiff and the other members of the Class. The market price of HP securities declined
 6 sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class
 7 members.
 8

9
 10 84. By reason of the conduct alleged herein, defendants knowingly or recklessly,
 11 directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5
 12 promulgated thereunder.

13 85. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and
 14 the other members of the Class suffered damages in connection with their respective purchases,
 15 acquisitions and sales of the Company's securities during the Class Period, upon the disclosure
 16 that the Company had been disseminating misrepresented financial statements to the investing
 17 public.
 18

19 COUNT II

20 (Violations of Section 20(a) of the 21 Exchange Act Against The Individual Defendants)

22 86. Plaintiff repeats and realleges each and every allegation contained in the
 23 foregoing paragraphs as if fully set forth herein.
 24

25 87. During the Class Period, the Individual Defendants participated in the operation
 26 and management of Autonomy and/or HP, and conducted and participated, directly and
 27 indirectly, in the conduct of Autonomy and/or HP's business affairs. Because of their senior
 28

1 positions, they knew the adverse non-public information about Autonomy and/or HP's
2 misstatement of income and expenses and false financial statements.

3
4 88. As officers and/or directors of publicly owned companies, the Individual
5 Defendants had a duty to disseminate accurate and truthful information with respect to
6 Autonomy and/or HP's financial condition and results of operations, and to correct promptly
7 any public statements issued by Autonomy and/or HP which had become materially false or
8 misleading.

9
10 89. Because of their positions of control and authority as senior officers, the
11 Individual Defendants were able to, and did, control the contents of the various reports, press
12 releases and public filings which Autonomy and/or HP disseminated in the marketplace during
13 the Class Period concerning Autonomy and/or HP's results of operations. Throughout the Class
14 Period, the Individual Defendants exercised their power and authority to cause Autonomy
15 and/or HP to engage in the wrongful acts complained of herein. The Individual Defendants
16 therefore, were "controlling persons" of Autonomy and/or HP within the meaning of Section
17 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged
18 which artificially inflated the market price of HP securities.

19
20 90. Each of the Individual Defendants, therefore, acted as a controlling person of
21 Autonomy and/or HP. By reason of their senior management positions and/or being directors of
22 Autonomy and/or HP, each of the Individual Defendants had the power to direct the actions of,
23 and exercised the same to cause, Autonomy and/or HP to engage in the unlawful acts and
24 conduct complained of herein. Each of the Individual Defendants exercised control over the
25 general operations of Autonomy and/or HP and possessed the power to control the specific
26
27
28

1 activities which comprise the primary violations about which Plaintiff and the other members of
2 the Class complain.

3 91. By reason of the above conduct, the Individual Defendants are liable pursuant to
4
5 Section 20(a) of the Exchange Act for the violations committed by Autonomy and/or HP.

6 **PRAYER FOR RELIEF**

7 **WHEREFORE**, Plaintiff demands judgment against defendants as follows:

8 A. Determining that the instant action may be maintained as a class action under
9
10 Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class
11 representative;

12 B. Requiring defendants to pay damages sustained by Plaintiff and the Class by
13 reason of the acts and transactions alleged herein;

14 C. Awarding Plaintiff and the other members of the Class prejudgment and post-
15 judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

16 D. Awarding such other and further relief as this Court may deem just and proper.

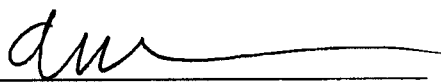
17
18 **DEMAND FOR TRIAL BY JURY**

19 Plaintiff hereby demands a trial by jury.

20 Dated: November 30, 2012

Respectfully submitted,

21
22 **THE WAGNER FIRM**

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Attorneys for Plaintiff

**CERTIFICATION PURSUANT
TO FEDERAL SECURITIES LAWS**

1. I, DAVIN Pokojk, make this declaration pursuant to Section 27(a)(2) of the Securities Act of 1933 ("Securities Act") and/or Section 21D(a)(2) of the Securities Exchange Act of 1934 ("Exchange Act") as amended by the Private Securities Litigation Reform Act of 1995.
2. I have reviewed a Complaint against Hewlett Packard Company ("Hewlett Packard" or the "Company"), and authorize the filing of a motion on my behalf for appointment as lead plaintiff.
3. I did not purchase or acquire Hewlett Packard securities at the direction of plaintiffs counsel or in order to participate in any private action arising under the Securities Act or Exchange Act.
4. I am willing to serve as a representative party on behalf of a Class of investors who purchased or acquired Hewlett Packard securities during the class period, including providing testimony at deposition and trial, if necessary. I understand that the Court has the authority to select the most adequate lead plaintiff in this action.
5. To the best of my current knowledge, the attached sheet lists all of my transactions in Hewlett Packard securities during the Class Period as specified in the Complaint.
6. During the three-year period preceding the date on which this Certification is signed, I have not sought to serve as a representative party on behalf of a class under the federal securities laws.
7. I agree not to accept any payment for serving as a representative party on behalf of the class as set forth in the Complaint, beyond my pro rata share of any recovery, except such reasonable costs and expenses directly relating to the representation of the class as ordered or approved by the Court.

8. I declare under penalty of perjury that the foregoing is true and correct.

Executed 11/28/12
(Date)

Darin Pokoik
(Signature)

DAVIN Pokoik
(Type or Print Name)

